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INFORMATION AND ANALYSIS FOR CABLE TELEVISION MANAGEMENT

ESPN'S NFL WIN RAISES FEE QUESTION

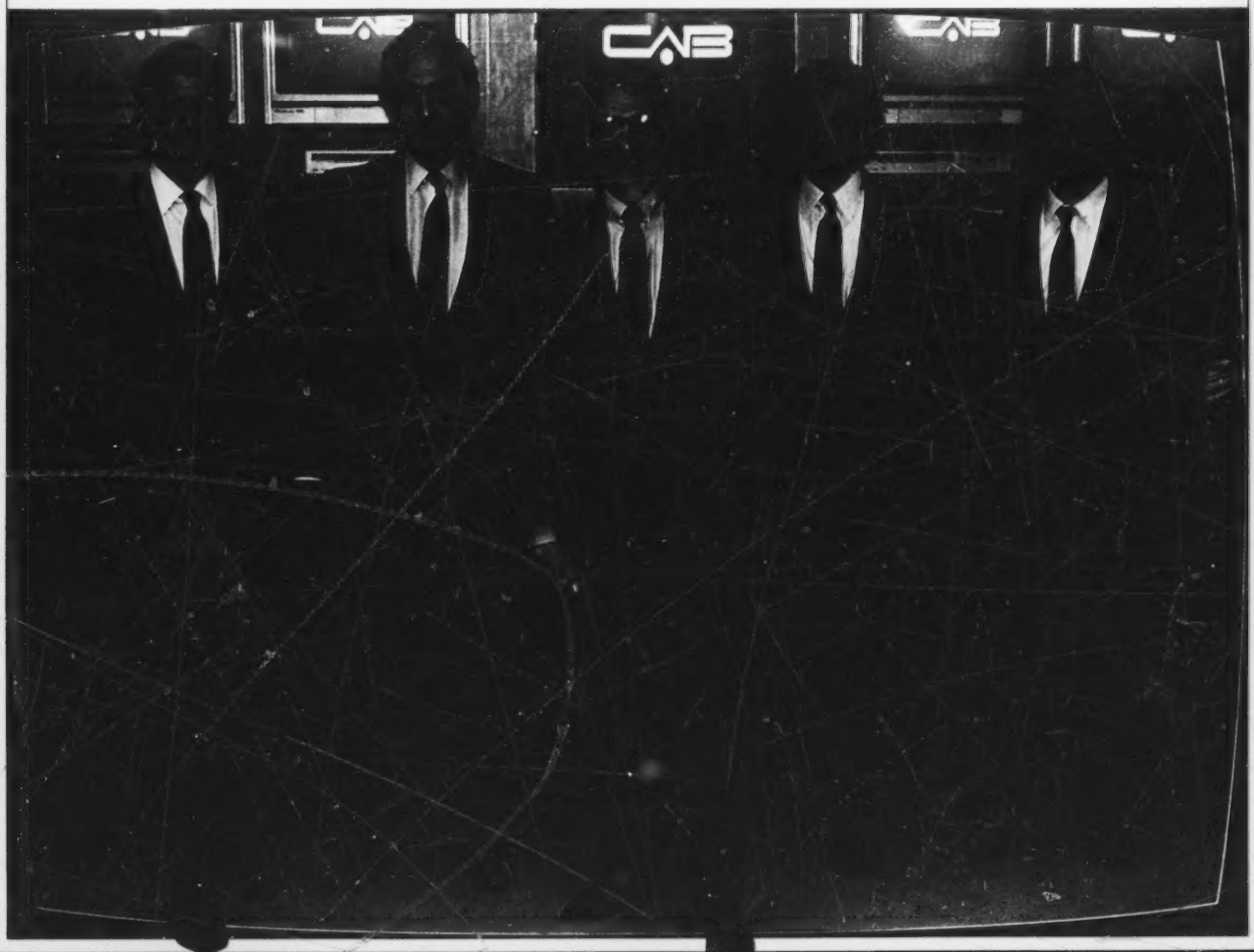
CITIES WARY ABOUT OVERBUILD BIDS

AMERICAN CABLESYSTEMS SETS PPV STRATEGY

MEDIA WARS: THE B'CAST/CABLE TREND LINE

R&D PUSH KEEPS NEW PRODUCT FLOW STRONG

WAKING UP MADISON AVE.: ALL STOPS OUT AT THE CAB



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The Cabletelevision Advertising Bureau has grown into a broad-based, sophisticated agency for ensuring cable interests are represented on Madison Ave. The CAB's management team includes, left to right, Rad Stone, vice president, national marketing; Vince Fazio, vice president, finance; Bob Alter, president and CEO; Jack Hill, vice president, research; Ron Fischmann, vice president, local sales. Photo by Candace Drake.

Pay Per View Supply Chart

April

Bullies (4/1) — Source: Universal
MPAA Rating: R Running Time: 96 mins.
Cast: Janet Laine Green, Jonathan Crombie, Stephan B. Hunter.

Dancing in the Dark (4/20) — Source: HBO Enterprises
MPAA Rating: PG-13 Running Time: 98 mins.
Cast: Martha Henry, Neil Monroe.

Ferris Bueller's Day Off (4/1) — Source: Paramount
MPAA Rating: PG-13 Running Time: 103 mins.
Cast: Matthew Broderick, Mia Sara, Jeffrey Jones.

The Fly (4/15) — Source: 20th Century-Fox
MPAA Rating: R Running Time: 100 mins.
Cast: Jeff Goldblum, Geena Davis.

Heathcliff: The Movie (4/22) — Source: Paramount
MPAA Rating: G Running Time: 74 mins.
Cast: Animated.

Hey There, It's Yogi Bear (4/22) — Source: Paramount
MPAA Rating: G Running Time: 89 mins.
Cast: Animated.

Legal Eagles (4/9) — Source: Universal
MPAA Rating: PG-13 Running Time: 116 mins.
Cast: Robert Redford, Deborah Winger, Darryl Hannah.

A Man and a Woman (4/7) — Source: Warner Bros.
MPAA Rating: NR Running Time: 102 mins.
Cast: Anouk Amiee, Jean-Louis Trintignant, Pierre Barough, Valerie LaGrange.

A Man and a Woman: 20 Years Later (4/7) — Source: Warner Bros.
MPAA Rating: PG Running Time: 112 mins.
Cast: Anouk Amiee, Jean-Louis Trintignant, Richard Berry, Evelyn Bouix.

Men's Club (4/22) — Source: Paramount
MPAA Rating: R Running Time: 101 mins.
Cast: Roy Scheider, David Dukes, Frank Langella.

Modern Girls (4/1) — Source: Paramount
MPAA Rating: PG-13 Running Time: 84 mins.
Cast: Daphne Zuniga, Virginia Madsen, Cynthia Gibb.

The Name of the Rose (4/1) — Source: 20th Century-Fox
MPAA Rating: R Running Time: 129 mins.
Cast: Sean Connery.

Nobody's Fool (4/15) — Source: Lorimar
MPAA Rating: PG-13 Running Time: 107 mins.
Cast: Rosanna Arquette, Eric Roberts.

Shadow Play (4/30) — Source: HBO Enterprises
MPAA Rating: R Running Time: 98 mins.
Cast: Dee Wallace Stone, Cloris Leachman.

Soul Man (4/2) — Source: HBO Enterprises
MPAA Rating: PG-13 Running Time: 104 mins.
Cast: C. Thomas Howell, Rae Dawn Chong, James Earl Jones, Ron Reagan.

Steaming (4/30) — Source: HBO Enterprises
MPAA Rating: R Running Time: 96 mins.
Cast: Vanessa Redgrave, Sarah Miles, Diana Dors.

Stewardess School (4/1) — Source: Columbia
MPAA Rating: R Running Time: 87 mins.
Cast: Donny Most, Audrey Landers, Sandahl Bergman.

Tough Guys (4/23) — Source: Touchstone
MFAA Rating: PG-13 Running Time: 104 mins.
Cast: Burt Lancaster, Kirk Douglas.

Where the River Runs Black (4/1) — Source: MGM/UA
MPAA Rating: PG Running Time: 96 mins.
Cast: Alessandro Rabelo, Charles Durning, Peter Horton.

Whoopee Boys (4/1) — Source: Paramount
MPAA Rating: R Running Time: 84 mins.
Cast: Michael O'Keefe, Paul Rodriguez.

May

Blue Velvet (5/1) — Source: Lorimar
MPAA Rating: R Running Time: 120 mins.
Cast: Kyle MacLachlan, Isabella Rosellini, Dennis Hopper, Laura Dern.

The Color of Money (5/28) — Source: Touchstone
MPAA Rating: R Running Time: 120 mins.
Cast: Paul Newman, Tom Cruise, Mary Elizabeth Mastroantonio.

Deadly Friend (5/13) — Source: Warner Bros.
MPAA Rating : R Running Time: 90 mins.
Cast: Mathew Laborteaux, Kristy Swanson, Michael Sharritt.

Eat and Run (5/20) — Source: HBO Enterprises
MPAA Rating: R Running Time: 84 mins.
Cast: Ron Silver, Sharon Schlarth.

Jumping Jack Flash (5/21) — Source: 20th Century-Fox
MPAA Rating: R Running Time: 105 mins.
Cast: Whoopi Goldberg, Carol Kane.

One Crazy Summer (5/13) — Source: Warner Bros.
MPAA Rating: PG Running Time: 93 mins.
Cast: John Cusack, Demi Moore, Curtis Armstrong.

A Place for Weeping (5/20) — Source: HBO Enterprises
MPAA Rating: PG Running Time: 88 mins.
Cast: James Whyle, Charles Comyn, Norman Coombes.

A Room with a View (5/1) — Source: Cinecom
MPAA Rating: NR Running Time: 115 mins.
Cast: Maggie Smith, Denholm Elliot, Judi Dench.

Solar Babies (5/28) — Source: MGM/UA
MPAA Rating: PG-13 Running Time: 94 mins.
Cast: Richard Jordan, Jamie Gertz, Jason Patric.

Top Gun (5/1) — Source: Paramount
MPAA Rating: PG Running Time: 110 mins.
Cast: Tom Cruise, Kelly McGillis, Val Kilmer.

Note: Running times are approximate. NR indicates film not rated by MPAA. Film information provided to International Thomson Communications Inc. by distributors.

Pay Per View Services Profile

Service:	Cable Video Store	Request Television	Telstar Channels	Viewer's Choice
Launch:	April 1,1986	November 27, 1985	June 5, 1986	November 26, 1985
Delivery:	Satcom 4, transponder 16	Galaxy 1, transponder 12	Interrum Standalone, presently testing on Telstar 303	VC-1 Satcom 3R, transponder 5 VC-2 Galaxy 1, transponder 16
Encryption:	VideoCipher II	VideoCipher II	Presently testing G. I. Starloc IV	VideoCipher II
Programming:	All movies, 24 hours per day 50-60 titles per month.	Two to four major motion pictures per week. special events	Channels 1&2: two major motion pictures on a biweekly rotation. Channel 3: three major motion pictures per week, special events	One major motion pictures per week special events
Subscribers:	Field trial basis; currently serving 10 MSO's nationwide. (2,500+ Impulse addressable subscribers)	Available in systems serving 2.7 million subs (1.8 million addressable)	Available in systems serving 74,000 subs (11,500 addressable).	Available in systems serving 2 million subs (1.6 million addressable)

Media wars report

NAB convenes amid upheaval in b'cast and cable dynamics

By Virginia Munger Kahn

In the media war between broadcasting and cable where the stakes are nothing short of domination of the video marketplace, broadcasters have emerged from the past year in worse shape than they've been in years. Advertising revenues have failed to keep up with costs, audience shares have continued to decline, and earnings have nose-dived.

The causes for these problems lie in the growing financial strength and attractiveness of alternative video programming, particularly cable television. While cable has been gaining strength for the past 10 years, its effects on the broadcasting industry are only now becoming significant enough to really hurt. The battle is far from over, though, and the broadcasting industry comes to the fight with an arsenal of weapons and relationships developed over a period of 40 years in the business.

The recent contract with the NFL is a case in point. Because the networks could not come up with the money the NFL wanted for that package of games, it was left to cable television to make up the difference—a clear sign of broadcasting's financial weakness at this time and cable's growing strength as an alternative medium for sports programming. But while cable television will finally have a shot at the type of programming that can attract significant audiences, the cable channel on which the NFL will appear is owned 80 percent by a broadcasting network.

The battle between cable and broadcasting is being fought on a number of fronts from programming to advertising and viewership, from investment opportunities to new employees. Broadcasting continues to dominate the programming and advertising environment, but cable is scoring plenty of points with the investment community and viewers, and it is making important inroads with advertisers. Meanwhile, each day brings fresh evidence of broadcasters' increasing difficulties with declining viewership, slowed advertising revenue growth, difficulties in the market for station sales, and a resultant financial performance that is no longer the envy of the rest of the media world.

It's no wonder that two of the three broadcast networks are either already involved in the cable industry or are talking about their interest in the business. ABC has its majority interest in ESPN, while last year NBC sought to acquire Turner Broadcasting's CNN, and it is still interested in launching its own cable channel. Robert Wright, NBC's new president, is the former head of Cox Cable and in a recent *Business Week* story said that as a result of the changes in the broadcasting market, he would look to expand NBC's audience through cable television. Only CBS's new management has expressed no interest in branching out into cable, and in fact, has sold off assets that are not considered germane to its primary business of broadcasting.

With many industry analysts predicting the advertising market can only support 2.5 networks over the long haul, observers should be able to see in graphic detail which network strategy proves most successful by the financial health of each of the networks over the next four to five years.

The bread and butter of all television, the fount from which all revenues flow, is viewership. Over the past 10 years, the broadcast networks have seen their share of the television audience drop from 93 percent to 76 percent today. During primetime, the most important daypart to the networks, their share of the audience has fallen from 89 percent in the 1978-'79 season to 73 percent in 1985-'86, a decline of almost 18 percent. Late-night network shares have fallen even more precipitously during the same time period from 78 percent to 54 percent, a decline of almost 30 percent in their audience.

While the erosion in network shares of audience are probably the best documented, broadcasters overall—including independent television stations, network affiliates and public television stations—have seen their shares decline. According to figures compiled by the Cabletelevision Advertising Bureau, all broadcasting received a 90 percent share in total TV households during the 1982-'83 season. Cable's share was 14 percent. (The numbers add up to more than 100 percent because of rounding and multiset usage.) By last year, cable's share of the audience on a full-week, 24-hour basis had risen to 19 percent, a better than 35-percent increase in viewership, while all broadcasting had declined by 6 percent to 81 percent of all viewing.

The biggest percentage increases in viewing were posted by the basic satellite cable services, which doubled in viewership from a 4 share to an 8 share from 1982 to 1986 in all television households. Not surprisingly, pay services remained flat at a 5 share.

In homes that are wired for cable the numbers are even more startling. Network shares have dropped from 59 percent in cable homes to 56 percent, while total broadcast viewership fell 6.5 percent during this period from 76 percent to 71 percent. While independent television stations are often thought to have siphoned off just as much viewing from the networks as cable, in cable households, viewing to independent television stations has fallen from 14 percent to 12 percent, a decline of 14 percent in the four years between 1982 and 1986. In cable households, the independent stations' loss has been cable's gain. Viewership to cable channels rose more than 13 percent during this period.

In fact, viewership of television overall has risen dramatically over the past 10 years. The data indicate that the more options people are given for viewing TV, the more they watch.

While most industry observers are reluctant to predict how far viewership of broadcasting stations can fall, many people now say that the decline has begun to slow and that broadcasters will always retain a core mass audience. "The bottom is not too far away (for the networks), and cable shares are flattening out," said Tony Hoffman, an investment banker at California's Union Bank and long-time observer of the media. While the flattening growth rates in cable's share of the audience

may be more a function of an increasingly large base of viewership, Hoffman and other believers in broadcasting base their optimism about the industry on the perception that there will always be a need for a medium that can reach large audiences. "(The networks) are the only place to get 50 million people," noted Ed Atorino, broadcast industry analyst for Smith Barney Harris Upham. The cable networks are not mass items, contended Hoffman, and even when they put their best shows on, the broadcast networks attract audiences that are three or four times larger than the cable shows.

The highest rated shows on cable often reach levels of only a 4 or 5 with an occasional rating of a 6 or 8, as WTBS recorded with the movie *Rio Lobo* in January. In contrast, all top 20 shows on network television achieve ratings in excess of 18 every week.

That broadcasting dominance in attracting mass audiences will be the toughest hill for cable to climb. While some might argue that it is not as important for cable to attract that size viewership because its revenues are not based solely on advertising revenue, broadcasting's hold on the mass media domain will continue to provide it with tremendous financial clout in terms of the advertising revenues it can generate. "No one else can describe for me a medium more incredible than TV," said Bart McHugh, senior vice president at Doyle Dane Bernbach Needham, referring to broadcast tele-

Weekly Viewing in All Cable Households
Total Day

	1986		1985		% Change	1984		1983		% Change
Cable Services	**Hrs:Mins**	**Share**	**Hrs:Mins**	**Share**	**'86 vs. '85**	**Hrs:Mins**	**Share**	**Hrs:Mins**	**Share**	**'84 vs. '83**
Satellite Networks	8:84	15	8:02	15	+ 9	7:17	13	5:41	11	+28.2
Superstations	4:34	9	4:51	8	− 6	4:50	9	4:13	8	+14.6
Total Ad-Supported	13:18	24	12:53	23	+ 3	12:07	22	9:54	19	+22.4
Pay Services	5:06	9	6:10	11	−17	5:56	11	6:04	11	− 2.2
Broadcast Services										
Network Affiliates	30:38	56	30:27	55	+ 1	31:42	58	31:42	59	0
Independents	7:03	13	6:54	13	+ 2	6:54	13	7:27	14	− 7.4
Public	1:41	3	1:35	3	+ 6	1:29	3	1:34	3	− 5.3
Total Usage	54:38		54:57		− 1	54:52		53:30		+ 2.6

Weekly Viewing in Pay-TV Households
Total Day

	1986		1985		% Change	1984		1983		% Change
Cable Services	**Hrs:Mins**	**Share**	**Hrs:Mins**	**Share**	**'86 vs. '85**	**Hrs:Mins**	**Share**	**Hrs:Mins**	**Share**	**'84 vs. '83**
Satellite Networks	8:59	16	8:48	15	+ 2	8:11	14	6:29	11	+26.2
Superstations	4:28	8	4:53	8	− 8	4:54	8	4:20	8	+13.1
Total Ad-Supported	13:27	24	13:42	24	− 2	13:05	22	10:49	19	+21.0
Pay Services	9:17	16	10:21	18	−10	10:10	17	10:04	18	+ 1.0
Broadcast Services										
Network Affiliates	29:08	51	29:18	50	− 1	30:54	53	30:54	54	0
Independents	7:31	13	7:21	13	+ 2	7:17	13	8:16	14	−11.9
Public	1:30	3	1:32	3	− 1	1:27	2	1:27	3	0
Total Usage	57:00		58:16		− 2	58:16		57:15		+ 1.8

Weekly Viewing in Total-TV Households
Total Day

	1986		1985		% Change	1984		1983		% Change
Cable Services	**Hrs:Mins**	**Share**	**Hrs:Mins**	**Share**	**'86 vs. '85**	**Hrs:Mins**	**Share**	**Hrs:Mins**	**Share**	**'84 vs. '83**
Satellite Networks	4:13	8	3:54	8	+ 8	3:19	7	2:23	5	+39.2
Superstations	3:04	6	3:13	6	− 5	2:58	6	2:18	5	+29.0
Total Ad-Supported	7:17	15	7:07	14	+ 2	6:28	13	4:41	10	+34.2
Pay Services	2:28	5	3:00	6	−18	2:43	5	2:34	5	+ 5.8
Broadcast Services										
Network Affiliates	32:47	66	32:58	66	− 1	33:56	68	34:42	71	− 2.2
Independents	7:55	16	7:43	15	+ 3	7:43	15	7:53	16	− 2.1
Public	1:47	4	1:44	3	+ 4	1:36	3	1:37	3	− 1.0
Total Usage	49:49		50:06		− 1	49:53		49:12		+ 1.4

Source: A.C. Nielsen, prepared by Cabletelevision Advertising Bureau.

vision. Said Christopher Conley, senior vice president for ML Media Partners, a $188-million fund that invests in broadcasting and cable, "we feel people will always watch broadcast television." Cable television will continue to make inroads on broadcast viewership, but the major gains against the broadcasters have been made, and future cable growth will be slower, he indicated.

Broadcasting's continued domination of the advertising world is evident in the numbers compiled each year by McCann-Erickson's Senior Vice President and Director of Forecasting Richard Coen. According to his figures for 1986, advertisers spent 66 percent of their total television advertising budget on network and spot purchases, or $8.5 billion on network and $6.5 billion on spot out of a total budget of $22.4 billion. In contrast, cable advertising represented only a miniscule 4 percent of total spending, or $900 million. While that figure is double what it was four years ago, the percentile is still small.

Tony Hoffman is one industry observer who believes that level of commitment to cable is about right. While he concedes cable's share of advertising dollars will rise to about 6 to 7 percent, he believes the maximum the cable industry can expect from advertisers is 10 percent. Considering that the advertising-supported cable channels attract 14 percent of total viewership, Hoffman would place a 50-percent discount on that figure for that half of the homes in the U.S. that do not receive cable television.

Indeed, the rise in advertising revenue growth on cable television has begun to slow, but the primary reason is that the base has become increasingly large. Between 1982 and 1984, cable advertising revenue grew 55 and 62 percent, respectively, from $227 million to $572 million. By 1985 the growth rate had dropped off to 34 percent and in 1986 advertising revenue increased just 24 percent over the previous year. The total base, however, had risen from $767 million to $948 million. The CAB is projecting that in 1987 the rate of growth will be 21 percent and that over the next three years revenue will grow about 23 percent per year to a projected $1.9 billion by 1990.

Considering that cable networks have gained substantial viewership shares over the past five years, some analysts admit the industry is not getting its proper share of the television advertising pie. According to Kevin Burns, manager of broadcast and new technologies research at Oglivy & Mather, where cable is missing out is in the local advertising market. "Local cable is just beginning to grow," he said. "That's where you'll see local advertisers moving in. They're not as sophisticated as national advertisers."

While Burns and others believe there will always be a place for a mass advertising medium, they concede that in order for advertisers to get their message across these days, they have to buy cable. "It's true that average rating points are lower (for the networks)," said Kevin Burns, and in order to reach those people "you have to... buy cable and syndication." But "rarely is it a matter of one or the other," said Doyle Dane's McHugh. "You want a mass medium, but the product also appeals to a certain audience, so you put more frequency into those audiences," he said, referring to the targeted cable networks.

That need to use cable to supplement the growing fractionalization of the video market has translated into growth rates for cable television advertising which, while slowing for the medium itself, continues to out-perform the market for advertising in general. According to Coen's figures, network television advertising revenue grew just 3 percent in 1986, 45 percent below the gross national product, a common benchmark for judging advertising spending. In contrast, cable television advertising revenue grew 15 percent, far above the 5.4 percent posted by the GNP. Moreover, Coen predicts that in 1987, while most of the major media will increase at a rate close to the expected growth in the national economy, cable television will post double-digit gains once again.

While advertising revenues form only a part of the cable industry's revenue stream—in fact, it is still only a small part—the industry has been posting phenomenal growth rates in revenues overall, cash flows and margins over the past five years. This has been a function of declining capital commitments, increasing penetration rates and increased revenues per subscribing household. While the broadcasting industry remains a larger industry than cable television in terms of the total revenues generated by the companies involved in the business, cable's relative immaturity is evident in the superior growth performance of the business.

Data compiled on 58 publicly held companies in radio and television broadcasting by Veronis, Suhler & Associates showed they had revenues of over $12 billion in 1985 compared to $5.2 billion for 41 cable and pay television companies. Pretax operating income for the broadcasters surveyed totaled $2.3 billion compared to slightly more than $907 million for cable companies.

However, the compound annual growth rate in revenues of the cable companies from 1981 through 1985 totaled 32. 2 percent compared to 12.5 percent for the broadcasting companies. Operating income grew 29.6 percent on a compound basis over this period in cable, while the broadcasters posted gains of just 12.8 percent. While growth in revenues in broadcasting remained at 13 percent in 1982 and 1983, in 1984—an election and Olympic year—that growth rate hit 20. 5 percent, only to fall back precipitously in 1985 to 3. 7 percent. In contrast, the cable companies started out with a phenomenal growth rate of 49 percent in 1982, which was then followed by a steadily declining rate of growth over the next two years, ending at 20 percent in 1985.

As the news out of New York has indicated and as Rich MacDonald, media analyst with the First Boston Corp., put it recently, the network business is a "horrible business and getting worse." Last year, analysts estimate only ratings-leader NBC made money on its network operations, approximately $200 million compared to a loss of $60 to $70 million at ABC and no gain or loss at CBS, on revenues of more than $2.2 billion at each of the networks. That perception that the networks are a poor business will impact the competition between cable and broadcasters to the extent that the investment community withdraws its support from broadcasting in general in favor of cable television.

In a recent report issued by County Securities USA, a subsidiary of the NatWest Investment Banking Group, analyst Barbara Dalton Russell wrote: "The broadcasting sector is vulnerable to a downward move. Prices should begin to reflect fundamentals and not optimistic buy-out values... Major factors affecting broadcast fundamental performance are gruesome—soft advertising, low inflation, intense competition from alternative viewing options, and sluggish economic performance. Network prospects are particularly poor... Very attractive opportunities do exist, however. The cable television industry is poised for substantial earnings growth and price appreciation."

Dalton Russell's dire forecasts for the broadcasting industry are not shared by all analysts, although most admit that 1987 will be a difficult year and that the restructuring now underway at the networks reflects fundamental changes underlying the broadcasting business. David Londoner, a long-time

media analyst with Wertheim Schroder and Co., wrote in a recent issue of *Electronic Media* that broadcasting's recent difficulties would not be solved by the Olympics and election year of 1988. Between the coming of PeopleMeters, which are sure to show a further decline in network viewing, continuing problems in trying to cut costs—70 percent of the network's costs are wprogrammwing-related, not staff-related, and basic cable's increasing gains in viewership and resultant financial strength, "the next few years should be difficult" ones for the networks, wrote Londoner. The results will be continuing pressure on profits and a less hospitable environment for investors.

When Harvey Sandler, the founder of Sandler Associates, an investment firm based on Long Island, thinks about which business he would rather invest in—broadcasting or cable—he laughs. "It's a joke... cable makes a much better investment," he said. Not only are cash flows assured, but "you don't have to worry about advertising. When you set out a budget in cable, you know stability and growth are there." Moreover, the prospects for future revenue growth are promising as a result of the numerous channels cable operators control. "You've got 30 or 40 roads into the home, and all sorts of things can happen there, like Home Shopping," said Sandler.

Jeff Epstein, media analyst with First Boston, concurs with Sandler, to a point. He conceded that cable overall is probably a better business than broadcasting today. "Cable is a monopoly. The competition is greater in broadcasting." Moreover, cable has continuing price potential in terms of increased cable penetration and increased revenues per household, said Epstein.

But both Epstein and Sandler admit that while broadcasting may not be as good an investment these days as cable, the business itself is still an attractive one. "The broadcasting business has a bright future," said Epstein. Programming costs probably peaked this past year, he said, as a result of the diminution in the number of independent television stations, as several have gone dark for financial reasons, and the arrival of a plethora of new programming sources, such as Fox. While the restructuring at the networks "has a long way to go," according to Epstein, broadcasting "is still an excellent business, especially if inflation comes back."

But while broadcasting may continue to measure up well against other American businesses, its current difficulties are a direct result of the gathering strength and momentum of cable television and other video media. That optimistic outlook for cable's growth prospects and the dim outlook for broadcasting was made clear at a recent seminar in New York City. When a college student asked network executives Tony Malara, senior vice president at CBS, and Mark Mandala, president of ABC-TV, if he could find a job at one of the networks, they told the young man to look elsewhere—at Fox, at independent television stations and at cable television. "We own 80 percent of ESPN, and they're not cutting back," said Mandala. "Fox, cable and the indies are all still growing." ■

Media and Entertainment Industry Stock Price Performance

	Price			P/E			% Price Change 12/31/83- 12/31/84	12/31/84- 12/31/85	12/31/85- 12/31/86	Relative P/E		
	12/31/84	12/31/85	12/31/86	12/31/84	12/31/85	12/31/86				12/31/84	12/31/85	12/31/86
Broadcasting												
CCB/ABC	$164.63	$224.50	$268.13	15.8	20.7	28.7	14%	36%	19%	158%	143%	176%
CBS	$72.38	$115.88	$127.00	7.2	15.9	15.5	9%	60%	10%	72%	110%	95%
Lin	$24.38	$37.13	$55.38	19.7	27.3	40.7	10%	52%	49%	196%	189%	249%
Taft	$62.38	$86.25	$115.00	13.2	23.4	102.7	11%	38%	33%	132%	162%	628%
Wghtd Avgs (c)	—	—	—	12.5	19.9	34.6	12%	48%	23%	124%	137%	212%
Cable TV												
ATC (e)	—	—	$16.38	—	—	39.0	—	—	—	—	—	239%
Cablevision(f)	—	—	$18.88	—	—	(d)	—	—	—	—	—	(d)
Comcast	$8.95	$14.92	$17.13	19.5	31.7	37.2	29%	67%	15%	194%	220%	228%
Heritage	$12.25	$21.00	$25.13	29.9	43.8	(d)	11%	71%	20%	297%	303%	(d)
Jones(g)	$4.00	$7.75	$11.38	13.3	33.7	27.1	-20%	94%	47%	133%	233%	166%
TCA(h)	$11.20	$22.40	$16.75	21.5	38.0	28.4	11%	100%	-25%	214%	263%	174%
TCI	$11.60	$18.32	$22.88	61.1	166.5	27.6	15%	58%	25%	607%	1152%	169%
United (g)	$13.67	$22.67	$25.75	54.7	52.7	83.1	21%	66%	14%	544%	365%	508%
Viacom	$15.25	$27.25	$39.50	13.7	25.0	(d)	-7%	79%	45%	137%	173%	(d)
Wghtd Avgs (c)	—	—	—	42.1	87.3	27.1	13%	69%	19%	419%	604%	166%
Entertainment												
MCA	$26.42	$49.25	$38.38	20.2	24.4	15.8	-7%	86%	-22%	201%	169%	97%
Time	$42.75	$62.13	$70.00	12.7	19.7	23.2	-32%	45%	13%	126%	136%	142%
Warner	$10.19	$18.69	$22.50	509.5	25.6	26.2	-24%	83%	20%	5069%	177%	160%
Wghtd Avgs (c)	—	—	—	119.2	22.9	21.9	-22%	70%	5%	1186%	158%	134%
Market Averages												
S&P 500	167.2	211.3	242.2	10.1	14.5	16.3	1%	26%	15%	—	—	—
DJIA	1211.6	1546.7	1896.0	10.7	16.1	16.0	-4%	28%	23%	—	—	—
NASDAQ OTC COM.	247.4	324.9	348.8	15.8	19.7	23.7	-11%	31%	7%	—	—	—
AMEX	204.3	246.1	263.3	19.9	16.9	29.2	-8%	20%	7%	—	—	—

NA Not Available. (a) P/E based on trailing 4 quarter earnings. (b) To S&P 500 P/E. (c) Capitalization weighted averages. (d) Deficit. (e) IPO Aug. '86. (f) IPO Jan. '86. (g) P/E for Jones and United based on trailing 4 quarter earnings ending Nov. 30, 1983, '84 and '85, and last reported quarter in '86 since their fiscal year end is May 31. (h) P/E for TCA Cable TV based on trailing 4 quarters for fiscal years ending Oct. 31, 1983, '84 and '85.

CABLE STATS

Cable Industry Growth Chart

YEAR	TVHH	Homes Passed	Basic Subscribers	% of TVHH	Pay Subscribers	% of TVHH
1990E	93,900,000	81,783,000	50,706,000	54	32,959,000	35
1989E	92,800,000	79,109,000	48,256,000	52	30,883,000	33
1988E	91,000,000	75,833,000	45,500,000	50	28,665,000	32
1987E	89,300,000	72,460,000	42,725,000	48	26,022,000	29
1986	87,800,000	69,632,000	41,772,000	47	24,101,000	27
1985	86,304,000	64,571,000	36,120,000	42	21,672,000	25
1984	84,600,000	59,989,000	32,994,000	39	19,764,000	23
1983	83,500,000	53,641,000	30,300,000	36	17,877,000	21
1982	82,800,000	49,100,060	28,200,000	34	15,898,000	19
1981	80,700,000	44,000,000	22,596,000	28	11,804,000	15
1980	77,800,000	37,300,000	18,672,000	24	7,780,000	10
1979	76,300,000	32,700,000	16,023,000	21	5,341,000	7
1978	74,500,000	27,200,000	14,155,000	19	2,980,000	4
1977	73,300,000	24,894,000	13,194,000	18	1,466,000	2
1976	71,114,000	21,989,000	12,094,000	17	505,000	1
1975	69,600,000	19,900,000	11,136,000	16	N.A	N.A

Source: CableProFile Data Base, INTERNATIONAL COMMUNICATIONS RESEARCH

Cable barometer

Television households (TVHH)	87,800,000
Homes passed by cable (HP)	69,632,000
Percent of TVHH passed by cable	79.3%
Basic cable subs	41,772,000
Percent of TVHH with basic cable	47.5%
Percent of HP with basic cable	59.9%
Pay cable subs	24,101,000
Percent of TVHH with pay cable	27.4%
Percent of HP with pay cable	34.6%
Percent of basic subs with pay cable	57.6%

Satellite lineup

Satcom III-R (RCA Americom)

	Transponder
Arts & Entertainment	24
BET	20
Cable Radio Network	4
Cable Value Network	18
Cinemax (West)	23
ESPN (Blackout)	7
Electra	6
Eternal Word Television Network	18
Financial News Network	4
rytime	3
HBO (West)	13
HSN2	2, 16
HTN	16
Home Shopping Network	22
The Learning Channel	2
Lifetime	17
MTV	11
National Jewish Television	18
Nickelodeon	1
PTL	2
QVC Network	8
Reuter Monitor Service	18
Showtime (West)	10
Tempo Sound	6
Tempo Television	6
Tempo Text	6
TV Decisions	24
Trinity Broadcasting Network	3
USA Network (West)	9
Video Hits One	15
Viewer's Choice	5
The Weather Channel	19

Satcom IV (RCA Americom)

	Transponder
Alternate View Network	10
American Movie Classics	10
Biznet	6
Bravo	2
Consumer Discount Network	20, 24
Hit Video USA	18
Home Sports Entertainment	11
Home Team Sports	22
Innovations In Living (HSN2)	1
Liberty Broadcasting Network	7
Madison Square Garden	6
New England Sports Network	13
Nickelodeon (West)	4
Nostalgia Channel	21
The Playboy Channel	24
Prime Ticket	20
Rock Christian Network	3
The Silent Network	23V
SportsVision	9
WPIX—New York	19

Westar III (Western Union)

	Transponder
CNN	5

Westar IV (Western Union)

	Transponder
Atlantic City Horse Racing	6
Cable News Network (CNN)	16
Catholic Telecommunications Network of America	11
National Christian Network	2
International Television Network	10D
Public Broadcasting Service	15, 17, 21, 23
Texas State Network	2
Word of Faith Satellite Network	6

Westar V (Western Union)

	Transponder
Fantasy Unrestricted Network (FUN)	24
FUN Weekend Pay-per-view	24
Moody Broadcasting Network	7D
Pro-Am Sports System (PASS)	14
The University Network	2
Zephyr Weather Information Service	7D

Telstar 303 (AT&T)

	Transponder
American Extasy	19
Country Music Television (CMTV)	18
KTVT (Dallas)	22
SelecTV	13

Galaxy I (Hughes)

	Transponder
CBN Cable Network	11
Cinemax (East)	19
CNN	7
C-SPAN	13
The Discovery Channel	22
The Disney Channel (East)	4
(West)	24
Electra	18
EPG	3
ESPN	9
GalaVision	20
HBO (East)	23
Headline News	8
The Movie Channel (East)	10
(West)	14
The Nashville Network	2
PTL	17
Request Television	12
Seeburg Adult Contemporary	3
Seeburg Contemporary Instrumental	3
Showtime (East)	5
SIN	6
Tempo Text	18
USA Network (East, Central)	21
Viewer's Choice 2	16
WGN	3
WOR-TV	15
WTBS	18

Galaxy III

	Transponder
The Meadows Racing Network	17
Sky Merchant	11

Spacenet I (GTE)

	Transponder
ACTS	15

Note: A company name in parentheses following a service or network designates the transponder owner.
Source: International Thomson Communications Inc

Top 100 MSOs

Rank	Multiple system operator	Basic subs	
1	Tele-Communications Inc	4,189,000	(12/86)
2	American Television and Communications Corp	3,400,000	(2/87)
3	Continental Cablevision	1,413,000	(1/87)
4	Storer Cable Communications	1,389,000	(12/86)
5	Cox Cable Communications	1,355,195	(1/87)
6	Warner Cable Communications Inc	1,309,000	(1/87)
7	Comcast	1,103,145	(9/86)
8	United Cable	1,080,137	(11/86)
9	Newhouse Broadcasting	1,002,340	(11/86)
10	Heritage Communications Inc	978,547	(12/86)
11	Viacom Cablevision	940,000	(11/86)
12	Jones Intercable	895,565	(3/87)
13	Times Mirror Cable Television Inc	847,009	(1/87)
14	Sammons Communications Inc	817,842	(12/86)
15	UA Cablesystems Corp	753,363	(12/86)
16	Cablevision Systems Corp	687,000	(12/86)
17	Century Communications Corp	600,000	(12/86)
18	Paragon Cable	550,000	(1/87)
19	Rogers Cablesystems Inc	535,207	(2/87)
20	Telecable Corp	489,437	(11/86)
21	Centel Cable	488,000	(2/87)
22	Daniels & Associates	472,876	(12/86)
23	McCaw Communications	434,444	(12/86)
24	American Cablesystems Corp	427,973	(1/87)
25	Scripps Howard	390,000	(3/87)
26	Falcon Cable	379,000	(2/87)
27	Post-Newsweek	365,366	(10/86)
28	Cable Vision Industries	357,077	(12/86)
29	Adelphia Communications	346,707	(12/86)
30	Wometco Cable TV Inc	336,820	(1/87)
31	TCA Group	331,564	(2/87)
32	Prime Cable Corp	318,204	(1/87)
33	Multimedia Cablevision	294,804	(3/87)
34	Colony Communications Inc	253,263	(11/86)
35	Maclean Hunter Cable TV Ltd	250,215	(2/87)
36	Lenfest Group	233,806	(12/86)
37	Western Communications	230,000	(1/87)
38	Tele-Media	215,000	(7/86)
39	Communications Service Inc	210,000	(12/86)
40	Rifkin & Associates	200,000	(1/87)
41	Service Electric Cable TV Inc	195,000	(3/87)
42	TKR Cable Co	186,139	(1/87)
43	TCI-Taft	181,318	(1/87)
44	Cencom Cable	177,793	(12/86)
45	Hauser Communications Inc	165,000	(12/86)
46	Adams-Russell Communications	156,000	(12/86)
47	Harte-Hanks Communications	150,144	(12/86)
48	Harron Communications	148,412	(12/86)
49	Greater Media	146,409	(12/86)
50	Media General Inc	145,598	(2/87)
51	Sutton Capital Corp	137,798	(1/87)
52	Armstrong Utilities	137,587	(12/86)
53	Marcus Communications	134,119	(12/86)
54	Televents Inc	128,734	(11/86)
55	Palmer Communications	122,378	(12/86)
56	Summit Communications	115,568	(1/87)
57	First Carolina Communications Inc	114,104	(1/87)
58	The Essex Group	113,273	(12/86)
59	U.S. Cable Corp	111,461	(12/86)
60	Sonic Communications	110,000	(3/87)
61	Simmons Communications	109,100	(2/87)
62	Blade Communications	105,000	(7/86)
63	Columbia International	105,000	(1/87)
64	Scott Cable Communications	105,000	(3/86)
65	Multi-Channel TV Cable Inc	104,585	(12/86)
66	Northland Communications	103,550	(1/87)
67	Booth Communications	102,553	(2/87)
68	Perry Cable TV Corp	99,841	(1/87)
69	James Communications	95,000	(12/86)
70	King Videocable	94,327	(11/86)
71	M.L. Media Partners	94,000	(1/87)
72	Susquehanna Broadcasting	90,630	(1/87)
73	McDonald Group	90,079	(8/84)
74	WEHCO Video	86,758	(1/87)
75	Midcontinent Cable Systems Co	79,821	(12/86)
76	Bresnan Communications Co	78,170	(1/87)
77	Omega Communications	77,626	(1/87)
78	Pencor Services	76,857	(11/86)
79	Wisconsin Cablevision and Radio Co	63,910	(1/87)
80	Selkirk Communications	63,000	(11/86)
81	C4 Media Corp	62,000	(9/86)
82	Acton Corp	60,035	(1/87)
83	Mountain Cable Co	56,270	(1/87)
84	United Video Management	55,905	(12/86)
85	Tidel Communications	55,442	(12/86)
86	Masada Corp	53,503	(1/87)
87	Chambers Communications Corp	53,093	(12/86)
88	Cardinal Communications	53,000	(12/86)
89	Insight Communications	50,000	(2/87)
90	Enstar Communications	49,974	(1/87)
91	Hearst Communications of California	49,106	(2/87)
92	Helicon Corp	48,000	(2/87)
93	State Cable TV	47,935	(11/86)
94	Joseph Gans Cable TV	46,532	(11/86)
95	Dowden Cable	45,385	(1/87)
96	Commonwealth Cable Systems	43,425	(1/87)
97	Donrey Cablevision	43,423	(1/87)
98	CableAmerica	43,082	(1/87)
99	New England Cablevision	42,870	(12/86)
100	North American Comm. Corp.	37,710	(6/86)

Subscriber counts are provided by MSOs and systems to International Thomson Communications Inc. Figures will be updated quarterly unless information is provided by MSOs or systems. Send updates to CableVision, Attention Cable Stats, P.O. Box 5208-T.A., Denver, CO 80217.

Top 100 systems

Rank	Location	Operator	Basic subs	
1	San Diego, CA	Cox Cable	278,173	(12/86)
2	Woodbury (Long Island), NY	Cablevision Systems Corp	277,462	(1/87)
3	San Antonio, TX	Rogers	220,510	(3/87)
4	Manhattan, NY	ATC	219,600	(12/85)
5	Houston, TX	Warner	189,900	(11/86)
6	East Orange, NJ	Maclean Hunter	184,841	(10/86)
7	Seattle-Snohomish, WA	Viacom	171,000	(11/86)
8	Honolulu, HI	ATC	164,300	(12/85)
9	Phoenix, AZ	Times Mirror	157,615	(1/87)
10	Cincinnati, OH	Warner	155,100	(1/87)
11	Louisville-Jeff. Co., KY	Storer Communications	155,000	(12/86)
12	Wayne, NJ	UA Cablesystems	152,460	(2/87)
13	Englewood, CO	United Cable	150,775	(12/86)
14	Tulsa, OK	United Cable	145,757	(2/87)
15	St. Louis Co., MO	Cencom Cable	145,172	(12/86)
16	Rochester, NY	ATC	141,000	(1/87)
17	Cherry Hills, NJ	NYT	140,105	(1/87)
18	Hampton Roads, VA	Cox Cable	138,601	(12/86)
19	Hartford-Plainville, CT	United Cable	136,705	(12/86)
20	Fairfax, VA	Media General	135,098	(2/87)
21	Atlanta, GA	Prime Cable Corp	134,037	(1/87)
22	Buffalo, NY	Adelphia Communications	132,209	(12/86)
23	Jacksonville, FL	Continental	131,000	(1/87)
24	Florida Division (Orlando/Ormond Beach)	ATC	128,100	(12/85)
25	Seattle, WA	Tele-Communications Inc	125,000	(12/86)
26	Baltimore County, MD	Comcast	122,730	(9/86)
27	San Jose, CA	Gill Industries	119,100	(2/87)
28	Erie County, NY	Prime Cable Corp	119,002	(11/85)
29	Manhattan, NY	Paragon Cable	115,000	(5/86)
30	Kansas City, MO	ATC	114,600	(12/85)
31	Long Island, NY	Viacom	110,000	(11/86)
32	Austin, TX	ATC	109,700	(12/85)
33	Central Islip (Long Island), NY	Viacom	109,000	(9/86)
34	Memphis, TN	ATC	106,900	(12/85)
35	San Juan, PR	ML Media Partners	104,823	(11/86)
36	Toledo, OH	Blade Communications	104,435	(1/87)
37	San Francisco, CA	Viacom	103,000	(11/86)
38	Warren, NJ	TKR	101,406	(2/87)
39	Pompano, FL	American Cablesystems	100,436	(1/87)
40	Dallas, TX	Heritage	97,253	(12/86)
41	Jefferson Parish-Kenner, LA	Cox Cable	96,904	(12/86)
42	Southeast Michigan	Comcast	96,454	(9/86)
43	Pinellas County, FL	Vision Cable	93,980	(1/87)
44	San Diego, CA	ATC	92,200	(12/85)
45	Grand Rapids, MI	UA Cablesystems	91,480	(12/86)
46	Wilmington, DE	Heritage	91,049	(12/86)
47	Dade-Broward, FL	Storer	88,651	(12/86)
48	Escondido, CA	Times Mirror	87,586	(1/87)
49	Wichita, KS	Multimedia Cablevision	85,324	(3/87)
50	Pittsburgh, PA	Tele-Communications Inc	85,000	(12/86)
51	Jackson-Monroe, MS	ATC	82,500	(12/85)
52	Richmond, VA	Continental	81,403	(1/87)
53	Tacoma, WA	Viacom	81,048	(2/87)
54	Indianapolis, IN	Indianapolis Cablevision Inc	80,969	(5/86)
55	Boston, MA	Cablevision	79,100	(12/86)
56	Charlotte, NC	ATC	78,700	(12/85)
57	Harrisburg, PA	Sammons Communications	78,652	(12/86)
58	Flint, MI	Comcast Cable	78,349	(9/86)
59	Puget Sound, WA	Viacom	78,000	(9/86)
60	Raleigh, N.C.	ATC	77,600	(12/85)
61	Baton Rouge, LA	Daniels & Assocs	77,478	(1/87)
62	South Texas, TX	Heritage	75,318	(12/86)
63	Chicago, IL	Westinghouse Broadcasting	75,000	(4/86)
64	Las Vegas, NV	Prime	74,879	(1/87)
65	Greensboro, NC	ATC	74,100	(12/85)
66	Santa Monica, CA	Century	74,000	(5/86)
67	New Orleans, LA	Cox Cable	73,579	(12/86)
68	Milwaukee, WI	Warner	73,625	(2/87)
69	South Bend, IN	Heritage	73,166	(10/86)
70	Orange County, CA	Times Mirror	72,863	(1/87)
71	Nashville, TN	Viacom	72,000	(11/86)
72	Cleveland Heights, OH	Viacom	71,000	(11/86)
73	Contra Costa Co. CA	Televents	70,665	(11/86)
74	Allentown, PA	Service Elec	70,000	(7/86)
75	Columbus, OH	Warner	69,500	(1/87)
76	Akron, OH	Warner	69,055	(11/86)
77	Fayetteville, NC	ATC	69,000	(9/86)
78	Little Rock, AR	Storer	68,354	(12/86)
79	Omaha, NE	Cox Cable	67,456	(12/86)
80	Medford Complex (Boston Suburbs), MA	Warner	67,400	(11/86)
81	Birmingham, AL	ATC	66,200	(11/86)
82	Ocean County, NJ	Adelphia	66,051	(6/86)
83	Des Moines, IA	Heritage	65,953	(12/86)
84	Westchester Co., NY	UA Cablesystems	65,506	(11/86)
85	New Haven, CT	Storer	64,975	(12/86)
86	Syracuse (suburbs), NY	NewChannels Corp	64,847	(3/87)
87	St. Petersburg, FL	Paragon Cable	64,478	(5/86)
88	Cook County, IL	Continental	64,272	(3/87)
89	Sarasota, FL	Storer	64,069	(12/86)
90	Indianapolis,IN	ATC	64,000	(12/85)
91	Greater Bridgeport, CT	Cablevision Co	63,780	(12/86)
92	Monterey, CA	Western Communications	63,731	(10/86)
93	Winston-Salem, N.C.	Summit	63,227	(2/87)
94	Oklahoma City, OK	Cox Cable	63,099	(12/86)
95	Lower Fairfield Co., CT	Cablevision Co	63,028	(12/86)
96	Madison, WI	Tele-Communications Inc	63,000	(12/86)
97	Santa Barbara, CA	Cox Cable	62,268	(12/86)
98	El Paso, TX	Group W (ATC)	62,000	(9/86)
99	Charleston, S.C.	Storer	61,910	(12/86)
100	Westchester, CT	UA Cablesystems	61,450	(3/87)